

December Quarter 2021 Results

February 24, 2022

 **Alibaba Group**
阿里巴巴集团



This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Adjusted/Non-GAAP Measures Reconciliation, GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders and the slides presenting revenue and EBITA by segments.

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We Have 1.28 Billion Annual Active Consumers Globally

Annual Active Consumers (mn)

	Dec 2020	Sep 2021	Dec 2021	QoQ Net Adds (Dec 2021 vs Sep 2021)	YoY Growth (Dec 2021 vs Dec 2020)
China⁽¹⁾	855	953	979	26.4	15%
China Commerce Retail ⁽²⁾	782	863	882	19.6	13%
Local Consumer Services ⁽³⁾	296	355	372	17.0	26%
International	220	285	301	16.3	37%
Global	1,075	1,238	1,281	42.7	19%

Notes: For the twelve months ended on the respective dates

(1) Annual Active Consumers in China have been deduplicated.

(2) China Commerce Retail businesses primarily include Taobao, Tmall, Tmall Supermarket and Freshippo.

(3) Local Consumer Services businesses primarily include Ele.me, Amap, Fliggy and Taoxianda.

China Commerce Retail: Differentiated Product Offering Drives User Acquisition and Category Penetration



Taobao & Tmall – Engagement & Retention⁽¹⁾

Next-Year Retention Rate⁽²⁾

86%

AACs in 2020 still purchased in 2021



Taobao Deals – User Acquisition

Annual Active Consumers

280 Mn

For the twelve months ended December 31, 2021

↑
QoQ
Net Adds⁽²⁾
+39 Mn



Taocaicai – Category Penetration

% Taocaicai AACs that were first-time
fresh produce buyers on our platforms

50%+

For the twelve months ended December 31, 2021

Notes:

(1) Includes Taobao Deals

(2) % of AACs in calendar year 2020 that still purchased on our platforms during calendar year 2021

(3) Net increase in Taobao Deals annual active consumers for the twelve months ended December 31, 2021 vs September 30, 2021

Annual Active Consumers⁽¹⁾

372 Mn

For the twelve months ended December 31, 2021

QoQ
Net Adds
+17 Mn⁽²⁾

YoY Growth in Order Volume⁽¹⁾

22%

December 2021 quarter vs December 2020 quarter

To Home



**Healthy On-demand Delivery Order
Growth and Improving Unit Economics**

To Destination



**Growing User Engagement and Usage
Frequency**

Notes:

(1) Data for our Local consumer services businesses, which include our “To Home” businesses such as Ele.me and Taoxianda, and our “To Destination” businesses such as Amap and Fliggy.

(2) Net increase in Local consumer services annual active consumers for the twelve months ended December 31, 2021 vs September 30, 2021.

Globalization: Combination of Local and Cross-border Supply and Global Infrastructure

International Commerce Retail – Annual Active Consumers ⁽¹⁾

301 Mn

↑ QoQ
Net Adds
+16 Mn ⁽²⁾

For the twelve months ended December 31, 2021

International Commerce Retail - YoY Growth in Order Volume ⁽¹⁾

+25%

December 2021 quarter vs December 2020 quarter



Local

+52%

YoY Order Growth⁽³⁾



+49%

YoY Order Growth⁽³⁾



Cross-Border

AliExpress

Smarter Shopping, Better Living!



Global Logistics Infrastructure

5 Mn+

Daily Average Cross-Border Package Volume⁽⁴⁾



Cloud and Technology Infrastructure

Services in 25 Regions Globally

Notes:

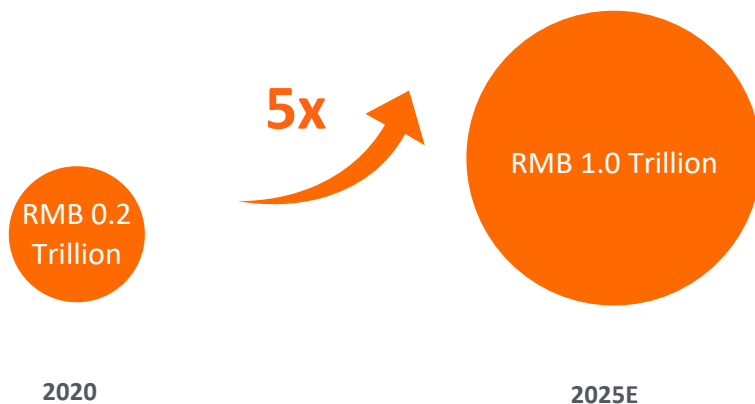
(1) Data for our international commerce retail businesses, which mainly include Lazada, AliExpress, Trendyol and Daraz.

(2) Net increase in International commerce retail annual active consumers for the twelve months ended December 31, 2021 vs September 30, 2021.

(3) December 2021 quarter vs December 2020 quarter.

(4) For the quarter ended December 31, 2021

China Cloud Market Outlook ⁽¹⁾

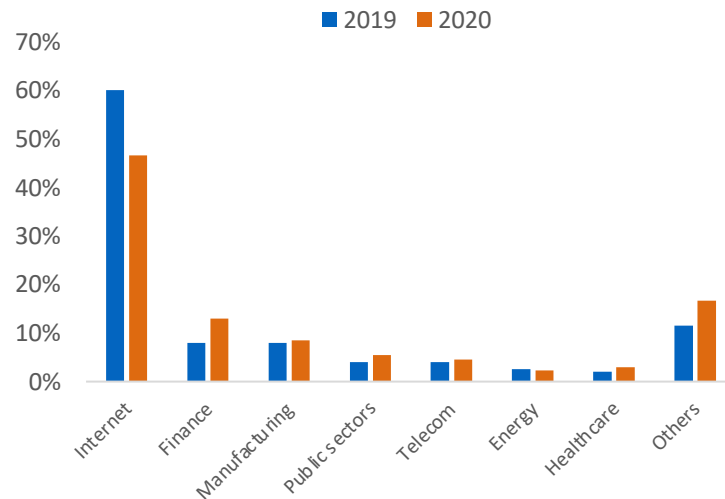


Source:

(1) CAICT, China Cloud Computing Development White Paper 2021

Diversifying Industry Adoption of Cloud-native Infrastructure

(% Cloud-native User Distribution by Sector ⁽¹⁾)



Environmental Strategy: Neutralize / Reduce Carbon Emissions

Scope 1+2⁽¹⁾

Carbon Neutrality by 2030

Scope 3⁽¹⁾

Carbon Intensity Halved; Alibaba Cloud

Carbon Neutrality by 2030

Scope 3+⁽²⁾

Facilitate 1.5 Gigaton of Our Ecosystem

Decarbonization by 2035

Social Strategy: Increase Stakeholders Impact

**Technology
Innovation**

**Economic
Development**

**Job Creation &
Training**

**Care for Vulnerable
Groups**

Governance Structure to Enhance Sustainability

Notes:

(1) Scope 1, 2 and 3 are defined by global Greenhouse Gas (“GHG”) Protocols. Scope 1 includes direct emissions from owned or controlled sources. Scope 2 includes indirect emissions from purchased electricity, steam, heating, and cooling. Scope 3 includes upstream and downstream emissions of the organization’s activities, such as emissions from purchased products and services, emissions from the use of the products the organization sells, employee commuting, business travel and others.

(2) Scope 3+ is a new concept we plan to introduce as a digital ecosystem, covering all the emissions from the ecosystem participants’ activities on the platform.

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Financial Highlights

<i>(in RMB millions, except per share data and percentages)</i>	Three months ended December 31,				Nine months ended December 31,			
	2020	2021	% YoY	% Total Revenue	2020	2021	% YoY	% Total Revenue
Total revenue	221,084	242,580	10%	100%	529,894	649,010	22%	100%
China commerce	161,328	172,226	7%	71%	371,292	452,375	22%	70%
International commerce	13,920	16,449	18%	7%	35,435	46,743	32%	7%
Local consumer services	9,536	12,141	27%	5%	27,319	33,046	21%	5%
Cainiao	11,360	13,078	15%	5%	27,299	34,525	26%	5%
Cloud	16,227	19,539	20%	8%	43,693	55,597	27%	9%
Digital media and entertainment	8,079	8,113	0%	3%	23,139	24,267	5%	4%
Innovation initiatives and others	634	1,034	63%	1%	1,717	2,457	43%	0%
Income from operations	49,002	7,068	-86%	3%	97,341	52,921	-46%	8%
Impairment of goodwill	—	-25,141	N/A	-10%	—	-25,141	N/A	-4%
Diluted earnings per share⁽¹⁾⁽²⁾	3.61	0.94	-74%		7.09	3.25	-54%	
Diluted earnings per ADS⁽¹⁾⁽²⁾	28.85	7.51	-74%		56.71	25.96	-54%	
Non-GAAP Measures								
Adjusted EBITA	61,253	44,822	-27%	18%	147,841	114,586	-22%	18%
Non-GAAP diluted earnings per share⁽²⁾⁽³⁾	2.75	2.11	-23%		6.85	5.59	-18%	
Non-GAAP diluted earnings per ADS⁽²⁾⁽³⁾	22.03	16.87	-23%		54.83	44.69	-18%	

Notes: Starting this quarter, our chief operating decision maker ("CODM") started to review information under a new reporting structure, and segment reporting is updated to conform to this change, which also provides greater transparency in our business progress and financial performance. Comparative figures were reclassified to conform to this presentation.

(1) Diluted earnings per share is derived from net income attributable to ordinary shareholders for computing diluted earnings per share divided by weighted average number of shares on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

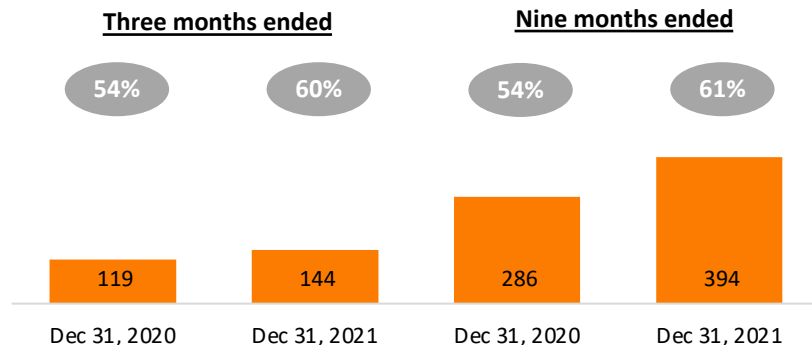
(2) Each ADS represents eight ordinary shares.

(3) Non-GAAP diluted earnings per share is derived from non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share divided by weighted average number of shares on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

Cost of Revenue and Operating Expenses

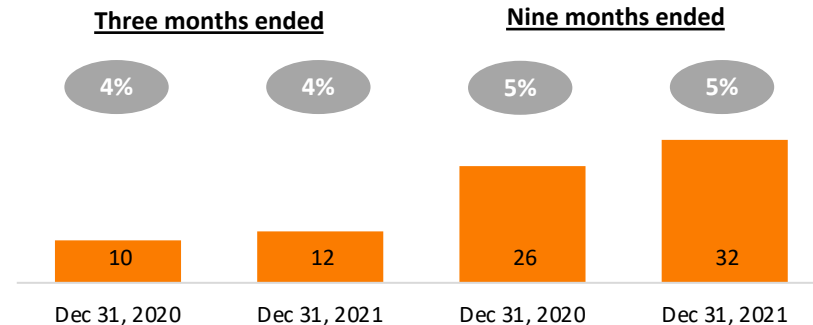
Cost of Revenue (excluding SBC)

(RMB Bn)



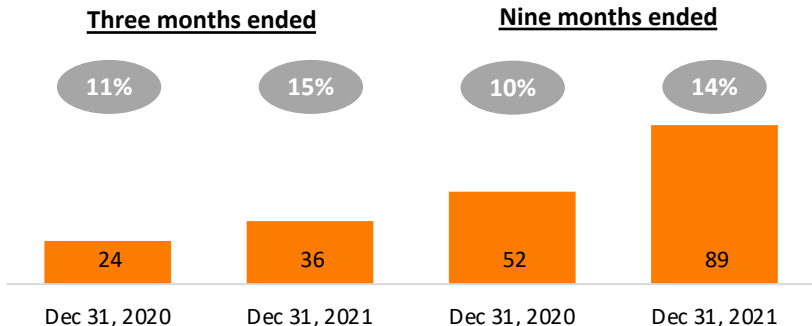
Product Development Expenses (excluding SBC)

(RMB Bn)



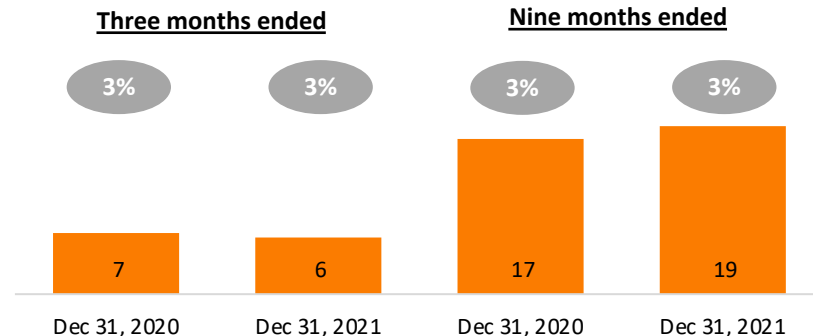
Sales & Marketing Expenses (excluding SBC)

(RMB Bn)



General & Administrative Expenses (excluding SBC)

(RMB Bn)



Income Statement: Selected Financials

(in RMB Mn, except percentages)	Three months ended December 31,				Nine months ended December 31,			
	2020	2021	% YoY	Change YoY	2020	2021	% YoY	Change YoY
Income from operations	49,002	7,068	-86%	-41,934	97,341	52,921	-46%	-44,420
Interest and investment income, net	40,036	18,361	-54%	-21,675	72,683	21,006	-71%	-51,677
Interest expense	-1,092	-1,186	9%	-94	-3,316	-3,720	12%	-404
Other income, net	2,826	5,083	80%	2,257	5,467	8,903	63%	3,436
Income before income tax and share of results of equity method investees	90,772	29,326	-68%	-61,446	172,175	79,110	-54%	-93,065
Income tax expenses	-9,194	-9,553	4%	-359	-22,229	-24,736	11%	-2,507
Share of results of equity method investees	-3,601	-549	-85%	3,052	992	11,062	1015%	10,070
Net income	77,977	19,224	-75%	-58,753	150,938	65,436	-57%	-85,502
Net income attributable to ordinary shareholders	79,427	20,429	-74%	-58,998	155,787	70,937	-54%	-84,850
Adjustments to reconcile net income to non-GAAP net income:								
Share-based compensation expense	9,079	9,776	8%	697	41,488	27,708	-33%	-13,780
Amortization of intangible assets	3,172	2,837	-11%	-335	9,012	8,816	-2%	-196
Impairment of goodwill and investments	8,436	31,444	273%	23,008	14,205	34,961	146%	20,756
Gain on deemed disposals/disposals/ revaluation of investments and others	-37,639	-16,823	-55%	20,816	-69,390	-16,174	-77%	53,216
Tax effects on non-GAAP adjustments ⁽¹⁾	-1,818	-1,834	1%	-16	-484	-4,158	759%	-3,674
Non-GAAP net income	59,207	44,624	-25%	-14,583	145,769	116,589	-20%	-29,180
Non-GAAP net income attributable to ordinary shareholders	60,657	45,829	-24%	-14,828	150,618	122,090	-19%	-28,528

Note:

(1) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments.

Cash Flow & Balance Sheet: Selected Financials

(in RMB Mn, except percentages)	Three months ended December 31,				Nine months ended December 31,			
	2020	2021	% YoY	Change YoY	2020	2021	% YoY	Change YoY
Cash Flow								
Net cash provided by operating activities	103,208	80,366	-22%	-22,842	207,603	149,799	-28%	-57,804
Less:								
Purchase of property and equipment ⁽¹⁾	-4,869	-9,253	90%	-4,384	-30,117	-32,827	9%	-2,710
Acquisition of intangible assets	-15	—	N/A	15	-1,733	-15	-99%	1,718
Changes in the consumer protection fund deposits	-2,114	-91	-96%	2,023	-2,433	-3,013	24%	-580
Free cash flow	96,210	71,022	-26%	-25,188	173,320	113,944	-34%	-59,376
Capital Expenditure	5,844	13,351	128%	7,507	33,761	41,807	24%	8,046
Share repurchase	654	8,785	1243%	8,131	654	49,093	7407%	48,439

	As of December 31,		
	2020	2021	
	RMB Mn	RMB Mn	USD Mn
Balance Sheet			
Cash and cash equivalents, restricted cash and escrow receivables	328,568	333,174	52,282
Short-term investments	144,177	185,415	29,095
Less:			
Current and non-current bank borrowings	-43,423	-45,013	-7,064
Current and non-current unsecured senior notes	-74,276	-94,624	-14,849
Net cash	355,046	378,952	59,464

Note:

(1) Purchase of property and equipment excluded land use rights and construction in progress relating to office campuses.

Segment Results

	China	International	Local			Digital	Innovation		
	commerce	commerce	consumer	Cainiao	Cloud	media and	initiatives	Unallocated ⁽¹⁾	Consolidated
(in RMB Mn, except percentages)			services			entertainment	and others		
Three months ended December 31, 2021									
Revenue	172,226	16,449	12,141	13,078	19,539	8,113	1,034	—	242,580
Revenue YoY %	7%	18%	27%	15%	20%	0%	63%	—	10%
Adjusted EBITA	57,789	-2,917	-4,987	-92	134	-1,374	-1,609	-2,122	44,822
Adjusted EBITA margin	34%	-18%	-41%	-1%	1%	-17%	-156%		18%
Nine months ended December 31, 2021									
Revenue	452,375	46,743	33,046	34,525	55,597	24,267	2,457	—	649,010
Revenue YoY %	22%	32%	21%	26%	27%	5%	43%	—	22%
Adjusted EBITA	149,965	-6,428	-16,292	-553	870	-2,724	-4,677	-5,575	114,586
Adjusted EBITA margin	33%	-14%	-49%	-2%	2%	-11%	-190%		18%

Note: Starting this quarter, our CODM started to review information under a new reporting structure, and segment reporting is updated to conform to this change, which also provides greater transparency in our business progress and financial performance. Comparative figures were reclassified to conform to this presentation.

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The goodwill impairment is presented as an unallocated item in the segment information because our management does not consider this as part of the segment operating performance measure.

China commerce retail revenue

- **Revenue from China commerce retail** business increased **7% YoY** to **RMB168 billion** (US\$26 billion).
- **Customer management revenue** decreased by **1% YoY**, primarily due to single-digit YoY growth in online physical goods GMV for Taobao and Tmall, excluding unpaid orders, that resulted from slowing market conditions as well as competition.
- **“Direct sales and others” revenue** increased by **21% YoY** to **RMB68 billion** (US\$11 billion), primarily due to the revenue contributed by our direct sales businesses, such as Sun Art, Freshippo and Tmall Supermarket.

China commerce wholesale revenue

- **Revenue from our China commerce wholesale business** increased by **10% YoY** to **RMB4 billion** (US\$0.7 billion), primarily due to increase in paying members' spending on value-added services on 1688.com.

Segment adjusted EBITA

- **Adjusted EBITA** decreased by **20% YoY** to **RMB58 billion** (US\$9 billion).
- Taobao Deals has successfully executed several initiatives to optimize logistics costs and improve delivery experience for consumers.
- Taocaicai's unit economics per order continues to improve, benefitting from higher regional order density, and improving gross margin from enhanced supply chain capabilities.

<i>(in RMB Mn, except percentages)</i>	Dec Q ⁽¹⁾ 2020	Mar Q 2021	Jun Q 2021	Sep Q 2021	Dec Q 2021	% YoY
Customer management	101,449	63,224	80,397	71,131	100,089	-1%
Direct sales and others	56,048	63,797	59,708	60,815	67,906	21%
China commerce wholesale	3,831	3,370	3,924	4,174	4,231	10%
Revenue	161,328	130,391	144,029	136,120	172,226	7%
Adj. EBITA	71,947	39,500	50,822	41,354	57,789	-20%
Adj. EBITA margin	45%	30%	35%	30%	34%	

Note:

(1) We began to consolidate Sun Art in October 2020.



International commerce retail revenue

- Revenue from our international commerce retail business increased by **14% YoY** to **RMB12 billion** (US\$2 billion), primarily due to the growth in revenue generated by Lazada. The slower YoY growth rate was mainly due to slower revenue growth of Trendyol that was negatively impacted by the depreciation of Turkish lira against Renminbi, as well as the decrease in orders for AliExpress in Europe as a result of the value-added tax levied on cross-border parcels below €22 in value.
- Combined order growth of our international commerce retail business was around **25% YoY**, driven by robust growth in Lazada of **52%** and Trendyol of **49%**, which was partially offset by a decrease in orders for AliExpress in Europe due to value-added tax levied on cross-border parcels below €22 in value.

International commerce wholesale revenue

- Revenue from our international commerce wholesale business increased by **29% YoY** to **RMB5 billion** (US\$0.8 billion), primarily due to increase in the number of paying members on Alibaba.com, as well as an increase in revenue generated by cross-border related value-added services. In particular, value-added service revenue grew **43% YoY**.
- Our international commerce wholesale business exhibited robust growth of around **50% YoY** in value of transactions completed on Alibaba.com, driven by solid export growth of consumer and industrial goods from China to other major developed and developing countries.

Segment adjusted EBITA

- Adjusted EBITA loss increased from **RMB1 billion** to **RMB3 billion** (US\$0.5 billion) this quarter, primarily attributable to the increase in Lazada's marketing and promotional spending for user acquisition and engagement.

<i>(in RMB Mn, except percentages)</i>	Dec Q 2020	Mar Q 2021	Jun Q 2021	Sep Q 2021	Dec Q 2021	% YoY
International commerce retail	10,158	9,496	10,800	10,375	11,606	14%
International commerce wholesale	3,762	3,920	4,402	4,717	4,843	29%
Revenue	13,920	13,416	15,202	15,092	16,449	18%
Adj. EBITA	-1,448	-2,483	-1,030	-2,481	-2,917	101%
Adj. EBITA margin	-10%	-19%	-7%	-16%	-18%	

Local consumer services revenue

- **Revenue from Local consumer services**, which mainly includes location-based services, such as Ele.me, Amap, Fliggy and Taoxianda, increased by **27% YoY** to **RMB12 billion** (US\$2 billion), primarily due to growth in order volume as well as more efficient use of subsidies that was contra revenue.
- Local consumer services recorded order volume growth of **22% YoY**.
- Order volume of “To Home” businesses represented by Ele.me and Taoxianda grew steadily, driven by fast growth in the number of merchants and user penetration, with an increasing percentage from non-restaurant orders.
- Order volume growth of “To Destination” businesses, which include Amap and Fliggy, grew rapidly, primarily driven by the increasing number of transacting Amap users and their usage frequency.

Segment adjusted EBITA

- **Adjusted EBITA** loss increased from RMB4 billion to **RMB5 billion** (US\$0.8 billion) this quarter, primarily due to the increased losses of our “To Destination” businesses, including Amap. Losses of our “To Home” businesses, including Ele.me, slightly increased year-over-year, but narrowed quarter-over-quarter, driven by our disciplined user acquisitions spending and reduced delivery cost.

<i>(in RMB Mn, except percentages)</i>	Dec Q 2020	Mar Q 2021	Jun Q 2021	Sep Q 2021	Dec Q 2021	% YoY
Revenue	9,536	8,123	10,099	10,806	12,141	27%
Adj. EBITA	-4,327	-6,633	-4,770	-6,535	-4,987	15%
Adj. EBITA margin	-45%	-82%	-47%	-60%	-41%	

Segment Revenue

- **Revenue from Cainiao after inter-segment elimination**, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, increased by **15% YoY** to **RMB13 billion** (US\$2 billion) this quarter, primarily due to the increase in penetration of cross-border and international commerce retail businesses, as well as the increase in revenue from value-added services provided to merchants.
- **Total revenue generated by Cainiao, before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, increased by **23% YoY** to **RMB20 billion** (US\$3 billion). In addition to the growth from external revenue, this YoY increase also reflected the growth of fulfillment solutions and value-added services provided to our China commerce retail businesses, such as Tmall, Taobao and Taobao Deals.

Segment adjusted EBITA

- **Adjusted EBITA** was a loss of **RMB92 million** (US\$14 million) in the quarter ended December 31, 2021, compared to a loss of RMB241 million in the same quarter of 2020.

<i>(in RMB Mn, except percentages)</i>	Dec Q 2020	Mar Q 2021	Jun Q 2021	Sep Q 2021	Dec Q 2021	% YoY
Revenue	11,360	9,959	11,601	9,846	13,078	15%
Adj. EBITA	-241	-585	-146	-315	-92	-62%
Adj. EBITA margin	-2%	-6%	-1%	-3%	-1%	

Segment Revenue

- **Revenue from our Cloud business, after inter-segment elimination**, increased by **20% YoY** to **RMB20 billion** (US\$3 billion).
- The solid **20% YoY** growth reflected robust growth from financial and telecommunication industries, partially offset by the continuing impact of a top cloud customer's decision to stop using our overseas cloud services for its international business due to non-product related requirements and slowing demand from customers in the Internet industry such as online entertainment and education.
- Revenue from non-Internet industries accounted for **52%** of its post-inter-segment elimination revenue during this quarter.
- **Total revenue from our Cloud business before inter-segment elimination**, which includes revenue from services provided to other Alibaba businesses, increased by **19% YoY** to **RMB26 billion** (US\$4 billion) this quarter.

Segment adjusted EBITA

- **Adjusted EBITA** was a profit of **RMB134 million** (US\$21 million) this quarter, compared to a loss of RMB221 million in the same quarter of 2020, primarily attributable to the realization of economies of scale.

<i>(in RMB Mn, except percentages)</i>	Dec Q 2020	Mar Q 2021	Jun Q 2021	Sep Q 2021	Dec Q 2021	% YoY
Revenue	16,227	16,865	16,051	20,007	19,539	20%
Adj. EBITA	-221	-342	340	396	134	N/A
Adj. EBITA margin	-1%	-2%	2%	2%	1%	

Segment Revenue

- Revenue from Digital media and entertainment segment this quarter was **RMB8 billion** (US\$1 billion).

Segment Adjusted EBITA

- Adjusted EBITA was a loss of **RMB1 billion** (US\$0.2 billion) this quarter.

<i>(in RMB Mn, except percentages)</i>	DecQ 2020	MarQ 2021	JunQ 2021	SepQ 2021	DecQ 2021	% YoY
Revenue	8,079	8,047	8,073	8,081	8,113	0%
Adj. EBITA	-1,389	-2,698	-419	-931	-1,374	-1%
Adj. EBITA margin	-17%	-34%	-5%	-12%	-17%	

Innovation Initiatives and Others

<i>(in RMB Mn, except percentages)</i>	DecQ 2020	MarQ 2021	JunQ 2021	SepQ 2021	DecQ 2021	% YoY
Revenue	634	594	685	738	1,034	63%
Adj. EBITA	-1,041	-1,648	-1,433	-1,635	-1,609	55%
Adj. EBITA margin	-164%	-277%	-209%	-222%	-156%	

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Revenue Breakdown

	Three months ended December 31,			Nine months ended December 31,		
	2021	% YoY	% Total Revenue	2021	% YoY	% Total Revenue
<i>(in RMB Mn, except percentages)</i>						
Total China commerce	172,226	7%	71%	452,375	22%	70%
China commerce retail	167,995	7%	69%	440,046	22%	68%
- Customer management	100,089	-1%	41%	251,617	4%	39%
- Direct sales and others ⁽¹⁾	67,906	21%	28%	188,429	58%	29%
China commerce wholesale	4,231	10%	2%	12,329	13%	2%
Total International commerce	16,449	18%	7%	46,743	32%	7%
International commerce retail	11,606	14%	5%	32,781	31%	5%
International commerce wholesale	4,843	29%	2%	13,962	33%	2%
Local consumer services	12,141	27%	5%	33,046	21%	5%
Cainiao	13,078	15%	5%	34,525	26%	5%
Cloud	19,539	20%	8%	55,597	27%	9%
Digital media and entertainment	8,113	0%	3%	24,267	5%	4%
Innovation initiatives and others	1,034	63%	1%	2,457	43%	0%
Total	242,580	10%	100%	649,010	22%	100%

Notes: Starting this quarter, our CODM started to review information under a new reporting structure, and segment reporting is updated to conform to this change, which also provides greater transparency in our business progress and financial performance. Comparative figures were reclassified to conform to this presentation.

(1) "Direct sales and others" revenue under China commerce retail primarily represents our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket and Freshippo, where revenue and the cost of inventory are recorded on a gross basis.

GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended December 31,			Nine months ended December 31,		
	2020	2021		2020	2021	
	RMB Mn	RMB Mn	USD Mn	2020	RMB Mn	USD Mn
Adjusted EBITA and Adjusted EBITDA						
Income from operations	49,002	7,068	1,109	97,341	52,921	8,304
Add: Share-based compensation expense	9,079	9,776	1,535	41,488	27,708	4,348
Add: Amortization of intangible assets	3,172	2,837	445	9,012	8,816	1,384
Add: Impairment of goodwill	—	25,141	3,945	—	25,141	3,945
Adjusted EBITA	61,253	44,822	7,034	147,841	114,586	17,981
Add: Depreciation of property and equipment, and operating lease cost relating to land use rights	7,127	6,542	1,026	19,103	20,246	3,177
Adjusted EBITDA	68,380	51,364	8,060	166,944	134,832	21,158
Non-GAAP net income						
Net income	77,977	19,224	3,017	150,938	65,436	10,268
Adjustments to reconcile net income to non-GAAP net income:						
Share-based compensation expense	9,079	9,776	1,535	41,488	27,708	4,348
Amortization of intangible assets	3,172	2,837	445	9,012	8,816	1,384
Impairment of goodwill and investments	8,436	31,444	4,933	14,205	34,961	5,486
Gain on deemed disposals/disposals/revaluation of investments and others	-37,639	-16,823	-2,640	-69,390	-16,174	-2,538
Tax effects on non-GAAP adjustments ⁽¹⁾	-1,818	-1,834	-288	-484	-4,158	-653
Non-GAAP net income	59,207	44,624	7,002	145,769	116,589	18,295
Non-GAAP Free cash flow						
Net cash provided by operating activities	103,208	80,366	12,611	207,603	149,799	23,506
Less:						
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	-4,869	-9,253	-1,452	-30,117	-32,827	-5,151
Acquisition of intangible assets	-15	—	—	-1,733	-15	-2
Changes in the consumer protection fund deposits	-2,114	-91	-14	-2,433	-3,013	-473
Free cash flow	96,210	71,022	11,145	173,320	113,944	17,880

Note:

(1) Tax effects on non-GAAP adjustments primarily comprised tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments.

GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders

(in Mn, except per share data)	Three months ended December 31,			Nine months ended December 31,		
	2020	2021		2020	2021	
	RMB	RMB	USD	RMB	RMB	USD
Net income attributable to ordinary shareholders – basic	79,427	20,429	3,206	155,787	70,937	11,132
Dilution effect on earnings arising from option plans operated by equity method investees and subsidiaries	-27	-26	-4	-53	-29	-5
Net income attributable to ordinary shareholders – diluted	79,400	20,403	3,202	155,734	70,908	11,127
Add: Non-GAAP adjustments to net income ⁽¹⁾	-18,770	25,400	3,985	-5,169	51,153	8,027
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	60,630	45,803	7,187	150,565	122,061	19,154
Weighted average number of shares on a diluted basis (million shares)⁽⁴⁾	22,021	21,716		21,969	21,849	
Diluted earnings per share⁽²⁾⁽⁴⁾	3.61	0.94	0.15	7.09	3.25	0.51
Non-GAAP diluted earnings per share⁽³⁾⁽⁴⁾	2.75	2.11	0.33	6.85	5.59	0.88
Diluted earnings per ADS⁽²⁾⁽⁴⁾	28.85	7.51	1.18	56.71	25.96	4.07
Non-GAAP diluted earnings per ADS⁽³⁾⁽⁴⁾	22.03	16.87	2.65	54.83	44.69	7.01

Notes:

- (1) See the table above for the reconciliation of net income to non-GAAP net income for more information of these non-GAAP adjustments.
- (2) Diluted earnings per share is derived from net income attributable to ordinary shareholders for computing diluted earnings per share divided by weighted average number of shares on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.
- (3) Non-GAAP diluted earnings per share is derived from non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share divided by weighted average number of shares on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.
- (4) Each ADS represents eight ordinary shares.

Revenue and EBITA by Segments for December Quarter 2020

Three months ended December 31, 2020

	China	International	Local			Digital	Innovation		
	commerce	commerce	consumer	Cainiao	Cloud	media and	initiatives	Unallocated ⁽¹⁾	Consolidated
	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn
Revenue	161,328	13,920	9,536	11,360	16,227	8,079	634	-	221,084
Income (Loss) from operations	68,590	-2,149	-7,242	-713	-2,344	-2,387	-2,127	-2,626	49,002
Add: Share-based compensation expense	2,789	652	959	190	2,118	770	1,063	538	9,079
Add: Amortization of intangible assets	568	49	1,956	282	5	228	23	61	3,172
Adjusted EBITA	71,947	-1,448	-4,327	-241	-221	-1,389	-1,041	-2,027	61,253
Adjusted EBITA margin	45%	-10%	-45%	-2%	-1%	-17%	-164%		28%

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

Revenue and EBITA by Segments for March Quarter 2021

Three months ended March 31, 2021

	China	International	Local			Digital	Innovation		
	commerce	commerce	consumer	Cainiao	Cloud	media and	initiatives	Unallocated ⁽¹⁾	Consolidated
	RMB Mn	RMB Mn	services	RMB Mn	RMB Mn	entertainment	and others	RMB Mn	RMB Mn
Revenue	130,391	13,416	8,123	9,959	16,865	8,047	594	-	187,395
Income (Loss) from operations	36,165	-3,416	-9,443	-1,089	-2,337	-3,565	-2,135	-21,843	-7,663
Add: Share-based compensation expense	2,500	884	850	229	1,989	646	471	1,063	8,632
Add: Amortization of intangible assets	835	49	1,960	275	6	221	16	53	3,415
Add: Fine imposed pursuant to China's Anti-monopoly Law	-	-	-	-	-	-	-	18,228	18,228
Adjusted EBITA	39,500	-2,483	-6,633	-585	-342	-2,698	-1,648	-2,499	22,612
Adjusted EBITA margin	30%	-19%	-82%	-6%	-2%	-34%	-277%		12%

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

Revenue and EBITA by Segments for June Quarter 2021

Three months ended June 30, 2021									
	China	International	Local			Digital	Innovation		
	commerce	commerce	consumer	Cainiao	Cloud	media and	initiatives	Unallocated ⁽¹⁾	Consolidated
	RMB Mn	RMB Mn	services	RMB Mn	RMB Mn	entertainment	and others	RMB Mn	RMB Mn
Revenue	144,029	15,202	10,099	11,601	16,051	8,073	685	-	205,740
Income (Loss) from operations	47,603	-1,732	-7,205	-633	-1,643	-1,010	-1,950	-2,583	30,847
Add: Share-based compensation expense	2,383	671	788	212	1,979	383	503	892	7,811
Add: Amortization of intangible assets	836	31	1,647	275	4	208	14	58	3,073
Adjusted EBITA	50,822	-1,030	-4,770	-146	340	-419	-1,433	-1,633	41,731
Adjusted EBITA margin	35%	-7%	-47%	-1%	2%	-5%	-209%		20%

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

Revenue and EBITA by Segments for September Quarter 2021

Three months ended September 30, 2021

	China	International	Local consumer			Digital media and	Innovation initiatives		
	commerce	commerce	services	Cainiao	Cloud	entertainment	and others	Unallocated ⁽¹⁾	Consolidated
	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn
Revenue	136,120	15,092	10,806	9,846	20,007	8,081	738	-	200,690
Income (Loss) from operations	37,676	-3,298	-9,133	-1,219	-1,985	-1,700	-2,313	-3,022	15,006
Add: Share-based compensation expense	2,857	793	1,089	630	2,377	566	664	1,145	10,121
Add: Amortization of intangible assets	821	24	1,509	274	4	203	14	57	2,906
Adjusted EBITA	41,354	-2,481	-6,535	-315	396	-931	-1,635	-1,820	28,033
Adjusted EBITA margin	30%	-16%	-60%	-3%	2%	-12%	-222%		14%

Note:

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

Revenue and EBITA by Segments for December Quarter 2021

Three months ended December 31, 2021

	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽¹⁾	Consolidated	
	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	USD Mn
Revenue	172,226	16,449	12,141	13,078	19,539	8,113	1,034	—	242,580	38,066
Income (Loss) from operations	54,469	-3,707	-7,644	-987	-2,137	-2,139	-2,434	-28,353	7,068	1,109
Add: Share-based compensation expense	2,740	769	1,158	639	2,267	566	608	1,029	9,776	1,535
Add: Amortization of intangible assets	580	21	1,499	256	4	199	217	61	2,837	445
Add: Impairment of goodwill	—	—	—	—	—	—	—	25,141	25,141	3,945
Adjusted EBITA	57,789	-2,917	-4,987	-92	134	-1,374	-1,609	-2,122	44,822	7,034
Adjusted EBITA margin	34%	-18%	-41%	-1%	1%	-17%	-156%		18%	

Nine months ended December 31, 2021

	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated ⁽¹⁾	Consolidated	
	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	RMB Mn	USD Mn
Revenue	452,375	46,743	33,046	34,525	55,597	24,267	2,457	—	649,010	101,844
Income (Loss) from operations	139,748	-8,737	-23,982	-2,839	-5,765	-4,849	-6,697	-33,958	52,921	8,304
Add: Share-based compensation expense	7,980	2,233	3,035	1,481	6,623	1,515	1,775	3,066	27,708	4,348
Add: Amortization of intangible assets	2,237	76	4,655	805	12	610	245	176	8,816	1,384
Add: Impairment of goodwill	—	—	—	—	—	—	—	25,141	25,141	3,945
Adjusted EBITA	149,965	-6,428	-16,292	-553	870	-2,724	-4,677	-5,575	114,586	17,981
Adjusted EBITA margin	33%	-14%	-49%	-2%	2%	-11%	-190%		18%	

Note: Starting this quarter, our CODM started to review information under a new reporting structure, and segment reporting is updated to conform to this change, which also provides greater transparency in our business progress and financial performance. Comparative figures were reclassified to conform to this presentation.

(1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments. The goodwill impairment is presented as an unallocated item in the segment information because our management does not consider this as part of the segment operating performance measure.

